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MARKET INFORMATION NEEDS OF THE 21ST CENTURY: WHERE DOES THE FEDERAL GOVERNMENT FIT?

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The part that I have been asked to play on this panel is that of a federal government information provider. While the general focus of the panel has been the information needs of United States agriculture, I have been invited to comment on economic statistics in general.

My perspective comes from a background as a data user with a national trade association; an information provider overseeing USDA's economics and statistics programs; and from my current position as head of the Census Bureau's Company Statistics Division. When I joined the Census Bureau nearly four years ago, one of my responsibilities was the Census of Agriculture. Last year that program was moved to USDA, effectively consolidating all federal data on farms and ranches in one place - at the National Agricultural Statistics Service. The Census Bureau continues to collect data from non-farm business establishments that account for 98 percent of the United States economy, including agri-business beyond the farm gate.

The 1997 economic and agriculture censuses are now underway. Conducted every five years these censuses provide the statistical framework to measure economic activity in the United States. This is a massive statistical undertaking eclipsed in size only by the decennial census of population which will next take place in the year 2000.

The population census is what most people associate with the Census Bureau. It is required by the Constitution for apportionment of seats in the United States House of Representatives, and consequently, is subject to unrelenting political scrutiny. It's what you read about in the papers. But economic statistics collected by the Bureau also are subject to intense scrutiny - by the marketplace. In the financial press at least, the latest economic indicators are closely watched, and unexpected numbers move the markets.

The economic census currently being conducted is the bedrock for all statistics that measure the nation's economic performance. It provides the underlying foundation for the national income and product accounts maintained by our sister agency in the Department of Commerce, the Bureau of Economic Analysis (BEA). Quarterly estimates of GDP produced by BEA rely on a series of current surveys designated by OMB as economic indicators. These surveys are like a thermometer reading the current temperature of the economy. But the economic census is needed every five years to calibrate the thermometer and ensure the accuracy of measurement.

The census provides a benchmark, without which it would be difficult to have confidence that the current economic indicators are not drifting off-course and causing statistical discrepancy.

The economic census gathers information on 21 million business establishments in the United States. Not all of them get questionnaires. For 16 of the 21 million businesses we simply extract selected data from administrative records. That cuts the reporting burden on American business enormously. About 5 million establishments - by establishment I mean an individual plant, an individual store, an individual warehouse, an individual service provider - actually received questionnaires last December. These questionnaires range from a short classification form which go to small businesses and take less than 15 minutes to fill out, to detailed long forms which go to a relatively small number of large businesses. The forms are tailored to type of business, so a meat processor and a flour miller get questions that apply only to their businesses. We sent out 475 different versions of the form.

Apart from its sheer size, the most significant feature of the 1997 economic census is that it will adopt an entirely new industry classification system. The new system - the North American Industry Classification System (NAICS) - will replace the Standard Industrial Classification (SIC) system that had been in place since the 1930s. NAICS is designed to account for the enormous changes in the global economy. It reflects the technological revolution we are undergoing, as well as the growth and diversification of services that have marked recent decades. For instance it creates an information sector by grouping together industries that develop, distribute and provide access to information including satellite, cellular and pager communications, on-line services, software and database publishing, along with the more traditional industries like sound recording, motion picture, radio, and television. It recognizes new ways of doing business such as warehouse clubs, pet supply stores, diet and weight reduction centers, and environmental consulting. And it recognizes industries that rely on human capital such as legal, architectural, engineering, interior design and advertising services by combining them in a new professional, scientific and technical services sector. Finally the classification system was developed in conjunction with our major trading partners in this hemisphere - Canada and Mexico - which will enable better comparisons of our economy with that of our NAFTA partners.

Public reaction to NAICS has generally been positive. Data users recognize that the new industry classification system will be more relevant to today's economy. Under the SIC system a large and growing segment of economic activity in this country was lumped in a catch all category, "not elsewhere classified." From a statistical stand point it was an embarrassment that so many new industries could only be described as "other." NAICS will fix that. By adding about 350 new, high-tech, or emerging industries, including greatly expanded coverage of service industries, NAICS gives us an industrial framework that should be relevant well into the next century.

On the other hand there will be breaks in certain data series due to the new groupings of industries. And at the more detailed geographic level it may not be possible to make valid time series comparisons. The Census Bureau will produce bridge tables for all industries at the national level, which will cross tabulate data by both the old and new classification system. And comparative statistics tables will present the new data on an SIC basis at both the national and

state level, which will enable data users to compare 1997 results with earlier censuses.

Another significant feature of the 1997 Economic Census is that it will be the first to be published primarily on the Internet. Faced with declining resources the Census Bureau surveyed customers and made a strategic decision to fully embrace the information age. Only highlights of the economic census will be published in paper reports. Detailed data will be available on CD-ROMs and the Internet. Both CD-ROMs and the Internet will offer “point and click” access to Census data in a "database" format that allow you to download and manipulate data. You will also have access to "viewable" formats that allow you to view or print tables similar to the detailed reports from previous censuses. Our intention is to issue an all new "Advance Report" in early 1999, which will provide a first look at Census results almost a year earlier than data have been available for past censuses.

For those of you who work in the agricultural sector, the economic census provides a comprehensive picture of agri-business beyond the farm gate. It measures the economic activity of food processors, the food distribution system, supermarkets, restaurants and export brokers as well as businesses providing inputs to farms such as tractors, chemicals, seeds and services. I know that many of my former colleagues in the Economic Research Service rely on these data for their work.

I hope this brief overview gives you a flavor of the 1997 economic census. I look forward to the panel discussion.